

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1823-02
Bill No.: HB 803
Subject: Business and Commerce; Revenue Dept.; Taxation & Revenue - General, Sales and Use
Type: Original
Date: March 5, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation, as worded, would implement through the General Assembly the simplified sales and use tax administration act (SSTP). DOR assumes this legislation would not fiscally impact their agency, but would have an unknown impact on state revenue.

Officials of the **Office of Administration, Budget and Planning (BAP)** assume this bill has no fiscal impact to their agency and DOR is better suited to respond to this proposal.

Officials of the **Office of the Secretary of State (SOS)** assume this bill creates the Simplified Sales and Use Tax Administration Act. DOR will promulgate rules to implement this bill. These rules will be published in both the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations and forms issued by DOR could require as many as 204 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The cost is estimated at \$12,546. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

The **Office of the Governor** and the **Missouri Senate** assume this proposal would have no direct fiscal impact on their agencies.

Officials from the **Counties of St. Louis and St. Charles** did not respond to this fiscal note request.

Oversight assumes, for purposes of this fiscal note, this proposal would increase compliance of sales/use tax collections once an agreement is reached with other states. This amount is unknown, as well as when this will occur, therefore Oversight will reflect the revenue impact of this proposal as zero to unknown to various state and local funds.

This legislation could increase total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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VARIOUS STATE FUNDS

<u>Income -</u>	\$0 to	\$0 to	\$0 to
Increase in tax compliance	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

TOTAL ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	\$0 to <u>UNKNOWN</u>	\$0 to <u>UNKNOWN</u>	\$0 to <u>UNKNOWN</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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VARIOUS LOCAL FUNDS	\$0 to <u>UNKNOWN</u>	\$0 to <u>UNKNOWN</u>	\$0 to <u>UNKNOWN</u>
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FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted only to the extent that the simplified sales and use tax system reduces the cost to comply with Missouri's sales and use tax laws in the future.

DESCRIPTION

This bill creates the Simplified Sales and Use Tax Administration Act.

The act allows the State of Missouri to enter into the Streamlined Sales and Use Tax Agreement with one or more states to simplify the sales and use tax laws and brings the laws into general conformity among the agreeing states. The act also allows the state to continue negotiations with other states to determine the best approach for obtaining conformity.

The act allows the Department of Revenue to adopt administrative rules and procure goods and services in furtherance of the cooperative agreement. The act also provides for the development of certified service providers for the purpose of collecting and remitting sales and use tax on behalf of sales and use taxpayers.

The bill will become effective January 1, 2002.

This legislation is not federally mandated, would not duplicate any other program and would not

require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
 Budget and Planning
 Office of the Governor
Secretary of State
Missouri Senate

NOT RESPONDING: Counties of St. Louis and St. Charles

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

March 5, 2001